

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

POST OFFICE STRUCTURE PLAN

Docket No. N2012-2

**UNITED STATES POSTAL SERVICE RESPONSES TO QUESTIONS 1-9 AND 11-14
OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 2**
(June 21, 2012)

The United States Postal Service provides institutional responses to Questions 1-9 and 11-14 of Presiding Officer's Information Request No. 2, dated June 14, 2012. Each question is stated verbatim and followed by the response. The response to Question 10 is forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
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1. Witness Day indicates on page 12 of his testimony that Customer Service Variance (CSV) and Small Office Variance (SOV) results will be multiplied by 1.1 to account for "minor variations" in calculating earned workload using CSV and SOV and to enable a Remotely Managed Post Office (RMPO) to adjust its window service hours upward if its number of retail transactions increases. Please provide the rationale for selecting 1.1 as the appropriate multiplier.

RESPONSE

The selection of 1.1 as the multiplier resulted from management's determination of operational needs and consultations with Postmaster associations.

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2. On page 13 of his testimony, witness Day states that RMPOs report to and are managed by a postmaster located at an Administrative Post Office. Please explain how this arrangement is similar to or different from the "circuit rider" postmaster concept discussed in Docket No. N2011-1, the Retail Access Optimization Initiative. A circuit rider postmaster, as described in that opinion, is "a postmaster who would oversee several offices within a reasonable driving distance and allow contract clerks to conduct the day-to-day operations of the postal facility."

RESPONSE

The concepts described above are similar. But the Postal Service can identify at least one difference between the concepts – the "circuit rider" concept contemplated contract labor, while the Postal Service proposal in this docket retains career positions for Part-Time Post Offices and Level 6 Remotely Managed Post Offices (RMPOs), and noncareer employee positions for Level 2 and 4 RMPOs.

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3. On pages 13-14 of his testimony, witness Day indicates that Part-Time Post Offices (PTPOs) and Level 6 RMPOs will be staffed by career employees, while Level 4 and Level 2 RMPOs will be staffed by non-career employees.

- a. Please provide the productive hourly wage rate for career employees who will staff Level 6 RMPOs and PTPOs.
- b. Please provide the productive hourly wage rate for noncareer employees who will staff Level 2 and 4 RMPOs.

RESPONSE

Please see USPS-LR-N2012-2/6, which provides hourly wage and salary information for employees staffing RMPOs and PTPOs.

- a. The hourly wage for new hire career employees who will staff Level 6 Post Offices and PTPOs is \$12.30. For incumbent employees, the hourly wage will depend on the incumbent's current level of pay.
- b. The hourly wage for new hire noncareer employees who will staff Level 2 and Level 4 Post Offices is \$11.76.

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4. Witness Day indicates that customers may obtain postal services from (1) post offices, (2) stations, (3) branches, (4) contract postal units, (5) Village Post Offices, (6) stamp consignees, (7) usps.com, and (8) Automated Postal Centers. USPS-T-1 at 3.

- a. Please identify the services that are currently available (e.g., stamps, flat rate boxes, post office boxes, etc.) at post offices at each EAS Level.
- b. Please identify the services that are currently available at stations, branches, contract postal units, Village Post Offices, stamp consignees, usps.com, and Automated Postal Centers.
- c. Please identify the services that will be available at PTPOs and at each RMPO level after the POSTPlan is implemented.

RESPONSE

a. The types of services available at a Post Office is not affected by EAS level.

Not all services are available at all Post Offices, and such determinations are typically made based on conditions in the local community.

b. As with Post Offices, the products and services available through other channels depend on the individual facility, not the level or category of facility.

However, as a general matter, the Postal Service furnishes the following information:

- Stations and branches provide the same range of services as Post Offices.
- Contract postal units (CPUs) and Village Post Offices (VPOs) offer a range of products and services that will vary depending on the individual contract governing those facilities. The range of products and services potentially offered through VPOs and CPUs, may include, but is not limited to, stamps sales; First-Class Mail, Express Mail, and Priority Mail services; shipping supplies; ZIP Code lookup; rate calculation; change of address; packaging products; collection boxes; PO Boxes; and a number of ancillary services (such as COD, delivery confirmation, insurance, and return receipt).

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RESPONSE to Question 4 (continued)

- Retailers participating in the Stamps on Consignment program offer postage stamp sales.
 - usps.com offers a wide range of services, including, but not limited to, stamps sales; First-Class Mail, Express Mail, Priority Mail, GXG, Priority Mail International, and Express Mail International services; shipping supplies; customized mailings through CardStore, Premium Postcards, and Click2Mail; ZIP Code lookup; Post Office Locator; rate calculation; change of address; packaging products; reserve or renew PO Boxes; and hold mail.
 - Automated Postal Centers (APCs) offer a number of products and services, including, but not limited to stamp sales; international postage for documents and correspondence; rate calculation; Express Mail, Priority Mail, First-Class Mail, and Parcel Post services; ZIP Code lookup; Express Mail, Certified Mail, and Return Receipts; purchase Delivery Confirmation service; and PO Box rental payments.
- c. See response to part a above. Remotely Managed Post Offices and Part-Time Post Offices are Post Offices and will offer the same services as other Post Offices. Their classification status as a Remotely Managed Post Office or Part-Time Post Office will not affect the range of services that they offer.

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5. Witness Day states: "In the future, the proportion of overall postal retail revenue generated at Postal Service-operated retail units will continue to diminish as customers continue to increase their use of alternate access channels available where they reside, work and shop." USPS-T-1 at 4. To the extent that witness Day relies on studies or other documentation in making this statement, please provide those documents.

RESPONSE

This statement reflects a review of the trends in Figure 1 in the Direct Testimony of Jeffrey C. Day on Behalf of the United States Postal Service (USPS-T-1).

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6. Witness Day states that "the term POStPlan Offices includes all 17,728 EAS Level 16 or below Post Offices that were operational as of the close of FY 2011." USPS-T-1 at 1.

- a. Please provide the rationale for using EAS Level 16 and below as the criterion for selecting candidate post offices under the POStPlan.
- b. If the Postal Service performed any financial analysis (e.g., net revenue estimates) before selecting the EAS Level 16 and below criterion, please provide the results of all such analysis.

RESPONSE

a. EAS Level 16 or below Post Offices were selected for consideration under POStPlan because the level of retail activity at these Post Offices indicated that they would continue to serve customer needs, as reflected by customer use, with realigned retail window service hours.

b. The Postal Service did not perform a financial analysis before selecting the EAS Level 16 and below criterion.

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7. Witness Day states, "Saturday hours will not change as a result of the POStPlan." USPS-T-1 at 16. Assume that a post office with 4 Saturday retail window hours is converted to a Level 2 RMPO. Will that RMPO continue to have 4 Saturday retail window hours after POStPlan is implemented?

RESPONSE

Yes.

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8. In his testimony, Witness Day states that POStPlan will result in approximately 6,145 clusters, each managed by a single APO. USPS-T-1 at 13, 14 n.11. Please provide the finance numbers identifying each of the 6,145 Administrative Post Offices.

RESPONSE

The Postal Service is currently working with the field to determine which offices will serve as APOs and will provide the list of finance numbers identifying all APOs when the list is finalized. Please note that implementation of POStPlan may affect the number and choice of Post Offices that serve as APOs.

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9. The spreadsheet "Summary.xls," included as Library Reference No. 1 (USPS-LR-N2012-2/1) separates Annual Earned Workload into three categories: Annual Earned Retail Window Workload, Annual Earned Retail Window and Admin Workload, and Annual Earned Workload Less Retail Window and Admin. See Columns V, X, and Y.

- a. Please confirm that column Y, "Annual Earned Workload Less Retail Window and Admin," measures the mail distribution and Post Office Box deliveries at POStPlan post offices.
- b. Does the Postal Service expect the implementation of the POStPlan to decrease the number of hours related to mail distribution and Post Office Box deliveries? Please explain fully.

RESPONSE

- a. Confirmed.
- b. Generally no; however, hours related to mail distribution and Post Office box deliveries could decrease at Post Offices where, because of the hours of retail operations, mail distribution is performed by a carrier from another office in lieu of a retail employee.

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11. From time-to-time, the Postal Service has changed the number of window hours at Postal Service retail facilities. Has the Postal Service measured the effect of such changes—whether the hours are increased or decreased—in terms of revenue, costs, community impact, and other effects? Please provide a description of all such analyses, and an explanation of how these measurements were developed.

RESPONSE

The Postal Service has not undertaken such analyses. Please see also

Response to POIR No. 1, Question 11.

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12. Assume that the Postal Service implements the POStPlan and converts candidate post offices into RMPOs and PTPOs.

- a. If the Postal Service subsequently initiates a discontinuance process and decides to close an RMPO, please confirm that the Postal Service will provide notice of appeal rights to the Commission in the Final Determination.
- b. If the Postal Service subsequently initiates a discontinuance process and decides to close a PTPO, please confirm that the Postal Service will provide notice of appeal rights to the Commission in the Final Determination.

RESPONSE

- a. Confirmed. RMPOs are Post Offices as the term is used in 39 USC § 404(d).
- b. Confirmed. PTPOs are Post Offices as the term is used in 39 USC § 404(d).

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13. In response to DBP/USPS-3[b], the Postal Service states that "Postal Service decisions regarding the 25-mile distance utilized the Microsoft MapPoint program."

- a. Please confirm that Microsoft MapPoint calculates distance as driving distance rather than straight line distance.
- b. If confirmed, please indicate what version of Microsoft MapPoint the Postal Service is using and what additional tools (e.g., add-ons, additional software, or programming languages) the Postal Service used to calculate driving distance in Microsoft MapPoint.
- c. If not confirmed, please explain in detail what program/software was used to calculate the 25-mile driving distance from the post office impacted by POSTPlan to the nearest post office. See USPS-T-1 at 13-14.

RESPONSE

- a. Microsoft MapPoint is capable of providing both driving and straight line distance calculations, and the Postal Service used both driving and straight line distance for POSTPlan.
- b. The Postal Service used Microsoft MapPoint version 2010 (17.00.18.2200) with no additional tools to calculate driving distance.
- c. Not applicable.

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14. If the Postal Service determines to implement the POSTPlan, will its rules for establishing hours and maintaining RMPOs, PTPOs, and Administrative Post Offices be codified in regulations or Handbook PO-101?

RESPONSE

The procedures for retail window service hour realignment described in POSTPlan are independent of the Post Office discontinuance process, and they will not be included in Handbook PO-101. Instead, an instructional memo will be developed and distributed to field personnel to describe procedures for POSTPlan consistent with the presentation in this docket. Several changes to postal regulations in the ELM, POM, ASM, Handbook PO-209 and Handbook PO-101 are expected to be published in connection with the POSTPlan. These regulation changes have been sent to labor organizations for review. Insofar as the Handbook PO-101 is concerned, the expected changes are very minor. They reflect the addition of definitions for Remotely Managed Post Office (RMPO) and Part-Time Post Post Office, and an explanation that the earned workload criterium for a discontinuance study will be measured based on the established level for the lowest level RMPO, and not EAS level.